

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 575 – SB 1048

February 27, 2013

SUMMARY OF ORIGINAL BILL: Authorizes any existing licensed and operating nursing home that has been operating as part of a continuing care retirement community that offers long term care that included specified services for at least 10 years to relocate 30 or less of its licensed beds to a new, separately licensed nursing home that will also operate as part of a continuing care retirement community if the following conditions are satisfied: the proposed location for the relocation of beds is within the same county as the original facility, and the new separately licensed nursing home will be licensed to an entity affiliated with the original facility; the original facility is certified for participation in the Medicare program, but is not and was not certified for the Medicaid program, within 12 months preceding the filing of a certificate of need application for moving the beds and the relocated beds initially have the same status when the certificate of need is granted allowing relocation of beds; the original facility is licensed for at least 120 nursing home beds by the Department of Health (the Department); and an application for the relocation of the beds is filed with and approved by the Health Services and Development Agency (HSDA).

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Revenue – Exceeds \$3,000/HSDA

Increase State Expenditures – Exceeds \$3,000/HSDA

SUMMARY OF AMENDMENT (003895): Changes the length of time a nursing home must have been operating from 10 years to 20 years. Requires the original facility and the new separately licensed nursing home to be not-for-profit corporations and affiliated through common management instead of requiring that the new nursing home be licensed to an entity affiliated by common ownership or control with that of the original facility. Requires that the original facility is certified for participation in the Medicare program, but is not and was not certified for the Medicaid program, within the 10 years, instead of the 12 months, preceding the filing of a certificate of need application for moving the beds.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Unchanged from the original fiscal note.

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Assumptions for the bill as amended:

- The original facility is certified for participation in the Medicare program, but not the Medicaid program, and the relocated beds will have the same status when the certificate of need is granted.
- According to the Department, any cost increase can be accommodated within the existing resources of the Department without an increased appropriation or reduced reversion.
- According to HSDA, any increase in expenditures associated with processing a certificate of need application will be offset by an increase in revenue from the examination fee.
- It is estimated that at least one application to relocate beds as provided in the proposed legislation will be processed by HSDA. According to Tenn. Comp. R. and Regs. 720-10-.03(5), the total examination fee is an amount equal to \$2.25 per \$1,000 of the project cost involved, but in no case will the fee be less than \$3,000 or more than \$45,000.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise".

Lucian D. Geise, Executive Director

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